

**IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK**

Jiangsu Huari Webbing
Leather Co., Ltd.

Plaintiff

v.

Joes Identified in
Schedule “A”

Defendants.

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Case No. 23-cv-2605

**DECLARATION OF BIN LIU IN SUPPORT OF PLAINTIFF'S
EX PARTE MOTION FOR TEMPORARY RESTRAINING ORDER**

I, Bin Liu, pursuant to 28 U.S.C. § 1746, declare as follows:

1. I am the manager of the Plaintiff, Jiangsu Huari Webbing Leather Co. Ltd (“Huairi”) in this action for over five years. As such, I have personal knowledge about the issues relevant to this action and motion.
2. I submit this declaration in support of Plaintiff’s *ex parte* motion for a temporary restraining order, including a preliminary injunction enjoining further infringement, expedited discovery, and service of process by email.
3. Our company, Huari, is a manufacturer duly incorporated in the People's Republic of China. Huari is a patent holder of a walking flat belt with hanging exercise means (“Walking Flat Bet”) registered within the United State Patent and Trademark office under Patent No. US11,478,673 (“’673 Patent”).

4. We distribute the Walking Flat Belt directly to customers in the United States through our online store, and also offer licenses to other sellers for worldwide distribution, including within the United States.
5. Our company started to research and develop a walking flat belt with hanging exercise means for children to play outdoors in the second half of 2018. Our company has invested about \$250,000 in research and development costs to create an innovative product.
6. On March 21, 2020, we submitted a patent application to the United States Patent and Trademark Office and it was granted on October 25, 2022.
7. Totally, we invested \$10 million for the development, manufacturing, and marketing of this product, which includes factory construction, purchasing manufacturing equipment, procurement of raw materials, establishing production processes, hiring labor, overseas transportation costs, and collaboration on warehousing and last-mile logistics in major U.S. regions.
8. As this product is intended for children's use, we place a strong emphasis on ensuring its quality. We obtained relevant product quality certification, purchased inspection equipment, established our own inspection laboratory, and requested the U.S. NBTS testing agency to issue a Children's Product Certificate (CPC) (NB2019113763\EAN:0791313693675, UPC:651137523063, UPC:8600022750178, etc.).
9. Also, we also purchase \$2 million in accident compensation insurance for the product in global regions every year.

10. We made significant investments in both capital and human resources for marketing, such as building marketing teams (including establishing a company in the United States) to promote our products. This involved various activities such as advertising, social media, email marketing, Google ads, organizing promotional events, and collaborating with online influencers to increase product visibility, attract potential customers, and enhance brand value.
11. We allocated funds for hiring designers to create product packaging and labeling, as well as covering patent fees, trademark registration fees, and legal consultation fees with lawyers. Additionally, we focused on improving and expanding our product line, which involved investing in research teams and equipment, and exploring automated production lines to increase capacity and reduce costs.
12. In short, we have spent lots of time, money, and effort on this product.
13. Starting from the second half of 2019, our product promotion efforts in the US market resulted in a significant increase in sales and widespread recognition. We sold the product on popular platforms such as Alibaba and Amazon, receiving orders from Amazon sellers and other retailers, who we also helped with OEM production.
14. As of the end of 2020, our sales surpassed \$15 million, and our company and customers held over 90% of the entire market, resulting in annual profits of \$3 million to \$4 million.
15. However, our company and licensed seller experienced a sharp decline in sales since counterfeiters entered the market in the second half of 2020.
16. On the Amazon platform, the sales price of our product dropped by 30% from \$129.99 in 2020 to the current price of \$89.99. The sales volume also plummeted, from 100,000 sets per year in 2020 to 20,000 sets per year now, a mere one-fifth of the previous amount.

17. Since the second half of 2021, our company has been operating at a loss, and factory production is only at 10% capacity. Sales dropped to \$5 million in 2021 and further down to just \$2 million in 2022, causing our company's annual profit of \$3 million to turn into a loss of \$1 million.
18. Consequently, due to the lack of profit support, we downsized the entire factory and sales/marketing team structure from over a hundred people to just over thirty people.
19. In the first half of 2021, we produced a large batch of products to meet market demand, with plans for pre-sale in the second half of the year. Additionally, we made significant investments in purchasing and developing more automated and higher-capacity production lines. Unfortunately, the counterfeiters' low prices and low-quality products took over the market, resulting in a large number of unsold goods in our factory warehouse. Many customers canceled their orders, resulting in a loss of nearly \$5 million for our company. As a result, the newly purchased and developed production lines have been idle, and we are now on the verge of bankruptcy and liquidation.
20. Currently, our licensed sellers and our company are selling products at a loss, and although we are continuing to cooperate, our licensed sellers lack the funds to pay the balance for goods previously held in our factory and will not be placing new orders with us.
21. Despite our product being designed for children and having a weight-bearing capacity designed to meet adult quality requirements, our unit cost is higher than some counterfeit products due to previous investments. As a result, we have no price advantage in competing for customers, and are constantly losing market share.

22. My company has always prioritized product quality and customer service as core values of our brand, whereas counterfeiters use low-quality materials in the production and sale of their alternatives. For instance, our product uses brand-new plastic granules that meet U.S. environmental requirements as raw materials. We have our own testing laboratory and have purchased various testing equipment, conducting supervision and testing of raw materials, semi-finished products, and finished products at every stage.
23. However, some counterfeiters use non-environmentally friendly or even recycled materials, resulting in a significant difference in manufacturing processes and a decline in product quality. This decline in quality negatively impacts my brand value, which affects my product's sales and market recognition. The presence of a large number of counterfeit alternatives in the market has led to price confusion and market chaos, causing consumer confusion and distrust, ultimately harming my brand value and sales.
24. After the infringement, we attempt to identify Defendants' physical addresses by reviewing the information contained in Defendants' online stores. Those attempts were unsuccessful because the online business platforms do not require their sellers to identify their true legal names on their seller pages nor does they require sellers to provide addresses for consumers to make direct contact with sellers.
25. We consulted our attorney, and only listed Defendants whose infringing products are available for sale, ready to ship or have shipped to the State of New York, County of New York.

I declare under penalty and perjury of the United States of America, that the foregoing statements and facts are true and correct.

Executed on March 23, 2023

Bin Liu.
Bin Liu